


# The Daily: What Google's U-turn on 3rd party cookies means for marketers, cookie vs. cookieless going forward, and more

Audio





On today's podcast episode, we discuss how Google might present its third-party cookie opt-in to Chrome users, what cookie and cookieless traffic will look like in the future, and what the next move for marketers should be. Tune in to the discussion with host Marcus Johnson and analyst Evelyn Mitchell-Wolf.

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Episode Transcript:

Marcus Johnson (00:00):

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Evelyn Mitchell-Wolf (00:27):

We had this conversation about default search engines before as well. We know that once consumers make a choice, or if the choice is already made for them, if we're asking more of them to go in and change some things around, only a few people are going to do that if they have a good reason to.

Marcus Johnson (00:49):

Hey, gang. It's Monday, August 3rd. Nope. No, it ain't. Evelyn asked me before we hit record if I was ready. I told her no, and this is evidence of that. It's August 6th. I don't even know if that's true.

Evelyn Mitchell-Wolf (01:11):

Is it a-

Marcus Johnson (01:11):

It might be Tuesday.

Evelyn Mitchell-Wolf (01:11):

It's Tuesday, right? Okay.

Marcus Johnson (01:12):

[inaudible 00:01:12]. Evelyn and the listeners, welcome to the Behind the Numbers Daily, an eMarketer podcast. I'm Marcus, and I'm joined by our senior analyst who covers everything digital advertising and media. Based in Virginia, it's Evelyn Mitchell-Wolf.

Evelyn Mitchell-Wolf (01:26):

Howdy, Marcus.

Marcus Johnson (01:27):

Hello there. All right, here we go. No fact of the day today.

Evelyn Mitchell-Wolf (01:32):

Ooh.

Marcus Johnson (01:33):

Just kidding. Some folks were like, "Finally." I have one for you. The most decorated Olympian of all time is?

Evelyn Mitchell-Wolf (01:42):

It's Simone Biles now, right?

Marcus Johnson (01:43):

Olympian, no.

Evelyn Mitchell-Wolf (01:43):

Or is it still Michael Phelps?

Marcus Johnson (01:43):

It is Michael Phelps still. Yes. So all of this is as of before the Olympics started. So if she's won medals since, I'm not counting that because it's still going on. But somehow, it's Michael Phelps. Somehow, the 39-year-old from Baltimore has accumulated 28 Olympic medals. 23 of them are gold. Second place in medals is 10 medals behind him, so it's not close.

Evelyn Mitchell-Wolf (02:10):

Who is it?

Marcus Johnson (02:11):

Larisa Latynina, who is from the former Soviet Union.

Evelyn Mitchell-Wolf (02:16):

I see.

Marcus Johnson (02:16):

This was back in... She won these in the kind of mid '50s to mid '60s, I think, if I'm remembering correctly. In total, if you include all competitions, I believe he has 66 gold medals, 14 silver, and three bronze. However-

Evelyn Mitchell-Wolf (02:32):

Easy peasy.

Marcus Johnson (02:34):

So nearly a hundred. However, the most decorated gymnast of all time is indeed Simone Biles.

Evelyn Mitchell-Wolf (02:40):

Okay.

Marcus Johnson (02:40):

Before the games started, she had eight Olympic medals and another 30 world championship medals, so a total of 38. The 27-year-old from Ohio also, Evelyn, has five moves named after her. In gymnastics, a move gets named after you if you are the first person in the world to perform it successfully without any faults.

Evelyn Mitchell-Wolf (03:02):

I just consider myself so lucky to exist on the same planet as Simone Biles.

Marcus Johnson (03:07):

Sometimes after a push-up, I'll just lie there. You know?

Evelyn Mitchell-Wolf (03:13):

I do know.

Marcus Johnson (03:14):

Okay.

Evelyn Mitchell-Wolf (03:14):

I've been there too.

Marcus Johnson (03:17):

That's where I'm at. Anyway, today's real topic, cookies. We're keeping them, apparently, the third-party ones.

(03:28):

In today's episode, first in the lead we'll cover cookies. No In Other News today. So Evelyn, Google pulled a 180 and has now decided to keep third-party cookies after four years of trying to ax them from its Chrome browser. Google's new plan is to give users what it calls an informed choice that applies across folks' web browsing. The search giant is still working on its Privacy Sandbox solutions as well, so they're not going anywhere. We did cover this topic a little on our weekly listen show the week that this broke. The episode was July 26th. But Evelyn, we didn't have you for that episode, and you-

Evelyn Mitchell-Wolf (04:07):

I was about to say I don't remember that, Marcus.

Marcus Johnson (04:09):

And you covered Google closest at eMarketer. So we'll start with this. What was your initial reaction to Google deciding not to get rid of third-party cookies?

Evelyn Mitchell-Wolf (04:18):

Well, if I'm honest, I groaned not because of the implications necessarily, but mostly because we've got major boy who cried wolf vibes going on here, because anyone who's been paying attention, or the slightest bit of attention, knows that Google delayed its plans to deprecate cookies in Chrome three times since first announcing its plans in January 2020. So cookies have been living on borrowed time since 2022. That was the first proposed deprecation deadline. So yeah, my immediate gut reaction was like, "You've got to be kidding me."

Marcus Johnson (04:55):

Mm-hmm.

Evelyn Mitchell-Wolf (04:55):

My next thought was, "Okay, this doesn't actually change much," because advertisers might not have to quit third-party cookies, cold turkey overnight, but if consumers are able to opt out of cookies at the browser level, chances are high that they'll do so. So basically, Google might not be the one to kill cookies, but consumers effectively will, which means advertisers still need cookie-less targeting and measurement strategies in place.

Marcus Johnson (05:24):

Yep. I think your reaction is similar to a lot of folks, and one of those reactions that I think everyone felt, or a lot of advertising folks, Jeremy Dowdy, president of performance marketing at VML, had a really good quote saying, "This news brings a collective sigh of relief." And I think it did feel that way, partly because most people thought this was happening. There was some research. Two thirds, 67% of marketing folks, expected cookies to be deprecated this year according to ID5. The rest said it will happen at some point.

(05:54):

However, most weren't prepared. Two stats for you there. One, just 29% of marketers worldwide said their company had a robust measurement system in place for a post-third-party-cookie world. 29% of folks according to Econsultancy. And only 25% similar share of advertisers were prepared for cookie deprecation said they were prepared for it according to May YouGov and Taboola survey.

(06:20):

What's interesting about this, Evelyn, is that they've said that they're going to be giving users an informed choice, and that seems to be a lot of the things that people are focusing on, on how Google is going to present this choice, quote, unquote, "choice," to Chrome users. And Katie Eyton, chief ethics and compliance officer Omnicom Media Group UK, was saying that this is going to be, going forward, something that a lot of folks are going to focus on, how this is going to be presented to people. What do you make of how this choice, this cookie opt-in if you will, is going to be presented to folks?

Evelyn Mitchell-Wolf (06:53):

Well, I think the lack of detail that Google has provided so far is the most important aspect of this conversation right now. First, to zoom out from the detail of the actual prompt or whatever we're going to call it, consent workflow, we have no timeline. So the Google communication offers no information about when to expect this, what it calls a new experience, so when we should expect the, quote, unquote, "new experience" to launch, and a looming deadline was the animating force behind much industry momentum behind that, you said 25% preparation rate. That was going towards that privacy-preserving alternative space. And everyone knows how hard it is to prioritize effectively without any deadline. So without a deadline, we're left in limbo a little bit.



(07:47):

But as far as the new experience itself, the prompt, the consent workflow, whatever it's going to be called, the language and appearance will have a huge effects on the opt-in rate. So for example, if Google uses words like tracking or surveillance, that would tend to discourage consent. If Google makes the Accept Cookies button a different color than the Decline button, that color choice matters. The way that this dialogue is presented matters for opt-in rates. And until we know more, it's very difficult to predict how much Chrome traffic will be. I did crunch some numbers though.

Marcus Johnson (08:28):

You were looking at... This is the cookie and cookie-less internet traffic and what that's going to look like going forwards. Yeah, talk to us about how you came to these numbers and what they look like, what they tell us about what the mini future is going to look like with regards to cookie and cookie-less internet traffic.

Evelyn Mitchell-Wolf (08:44):

Yeah. So let's focus on the top four browsers here in the US. According to Statcounter, they make up 95% of the US browser market. That is Safari, Firefox, Microsoft Edge, and Chrome, of course. Safari and Firefox already block third-party cookies by default, so that's actually over a third of us browsers that are already cookie-less today. And to get a sense of how this all might shake out longterm, we have to make a few assumptions. So first, Microsoft Edge has announced plans to deprecate third-party cookies by the end of 2024, so let's assume that they'll follow through on those plans for the purposes of this. As for Chrome, as we've discussed, it's going to be up to consumers whether cookies are available.

(09:34):

Luckily, eMarketer surveyed US consumers about their online privacy preferences and behaviors in May of this year. We asked them, "When you receive a notification that a website uses cookies, how often do you click Okay or Accept?" And their answer choices were always, often, sometimes, rarely, never, and then I don't know or I can't recall.

Marcus Johnson (09:58):

Mm-hmm.

Evelyn Mitchell-Wolf (09:58):

17% of respondents said they always accept cookies. So let's assume that 17% of Chrome users would also accept cookies when asked by Chrome. A little back of the napkin math and over 80% of US browsers could be cookie-less longterm. Now, if we perform the same analysis, but assume that the 47% of respondents who said they always or often accept cookies would accept cookies when asked by Chrome, that's around 70% of US browsers would become cookie-less longterm. So ballpark, we're talking 70 to 85-ish percent, which is a lot.

Marcus Johnson (09:59):

Mm-hmm.

Evelyn Mitchell-Wolf (10:41):

That means cookies are going to be the exception rather than the rule, which speaks to my earlier point that advertisers and publishers are going to need cookie-less strategies going forward. It also means that any preparation that's already happened will not be wasted, which is a good thing.

Marcus Johnson (10:56):

Mm-hmm. That research really does depend on how it's presented and what people choose, because the way I read it was half of Americans always or often accept cookies when given a choice. 30% do sometimes, so that's just 20% of people who accept cookies rarely or never according to that survey that you cited that we did. However, Evelyn, it's hard to know why people are clicking it.

Evelyn Mitchell-Wolf (10:56):

Oh, yeah.

Marcus Johnson (11:21):

Which makes me think that people don't know what they're accepting, and they just want the prompt out of the way.

Evelyn Mitchell-Wolf (11:26):

Oh, for sure. That's definitely, definitely at play here. I mean, I'm guilty of it. I don't know if guilty's the right word because it is my data that I'm playing with here.

(11:35):

But those cookie banners are annoying. And a lot of times, I'm visiting the website for two seconds to find one quick answer and it doesn't make sense for me to engage with the prompt, or depending on my browsing activity for the day, maybe I've browsed enough that I'm just tired of clicking and giving my actual preferences with a longer dialogue box. So I just click Accept because I'm tired of it. That's definitely going on a fair bit as well, which is why I tended to lean towards assuming that fewer people will accept cookies with this sort of consent workflow because it's one time. And depending on how it's communicated, if Google is upfront that you just have to do it this once, whatever choice you make here will apply globally, so maybe engage a little bit more deeply with this and we'll explain it to you in words that you can actually understand, then they might get a lot more engagement, and people might not be as quick to click Accept without thinking through the consequences.

Marcus Johnson (12:36):

Yeah, because I'd love to see some research on how many normal folks, ordinary folks who don't have to read about this stuff for their job know what cookies are, let alone know how they work, because people have been comparing this, the way this gets presented to folks, similar to Apple's app tracking opt-in.

Evelyn Mitchell-Wolf (12:36):

Yes.

Marcus Johnson (12:54):

And when people know that they're sharing data, the numbers could be even lower, and there are some research to suggest that most consumers don't choose to share data when prompted. There was a mobile app trends report showing iOS apps across categories had worldwide opt-in rates of 29% in Q1 2023. However, the research you just wrote on this suggests that initial opt-in rates could increase over time.

Evelyn Mitchell-Wolf (13:17):

Yeah, well, and there are some caveats to that. So the data you're referencing is from Adjust, and they have observed ATT opt-in rates go up over time. Initially, they were around 14% of US users that were shown the ATT prompt opted in. And then over time it's basically doubled over the last three years. So that could happen here. Of course, there are some differences in how the prompt will be deployed, at least as far as I can surmise from Google's communications.

(13:50):

So with ATT, each individual app was responsible for deploying the prompt, and not all apps did it at the same time. YouTube, for example, opted to just stop using certain consumer data rather than show the prompt to be compliant with ATT, and it's since reversed course on that policy as well. So things change and over time, more apps showed the prompt, so it makes sense that more people would opt in. Also, there could be people changing their preferences.

(14:20):

But with this cookie situation on Chrome, if functionality doesn't meaningfully decrease, if consumers don't notice that there's higher latency when pages are loading or if they don't notice that all the ads they're getting are completely unrelated to them and they actually do want some more personalization, they're not likely to go back and change their opt-in or opt-out preferences. So there is a chance that opt-in rates could go up over time, but like a lot of this, it's TBD. We have to see about the unique circumstances that this system applies before we really know.

Marcus Johnson (14:58):

Mm-hmm. Yeah, will it be a feature or a prompt that comes up and makes people more sure people... will say, "Are you sure?" once they click it. And then after that, maybe it says, "If you do want to change, we'll just be over here in the corner and make it easy to find, potentially."

Evelyn Mitchell-Wolf (15:13):

Right. Exactly. All that matters.

Marcus Johnson (15:15):

Yeah.

Evelyn Mitchell-Wolf (15:16):

If it's more friction to change your responses, too, that's going to... I mean, we had this conversation about default search engines before as well. We know that once consumers make a choice, or if the choice is already made for them, if we're asking more of them to go in and change some things around, only a few people are going to do that if they have a good reason to.

Marcus Johnson (15:38):

Mm-hmm. Final thing I want to bring up here, Evelyn, you had in your research, which I thought was a really, really good point, again, how this is framed for folks, you have to balance the technical terms that are used, as you say, to mitigate legal liability. However, you can't make it too technical because people won't know what the hell you're talking about. So it's going to be very interesting to see how this is all presented to folks, and therefore how many people decide to opt in or to not opt in. As I said at the beginning, Google's not getting rid of cookies. However, they're continuing work on their alternatives, on the cookie alternatives, Privacy Sandbox being the thing we're talking about. What's next for Privacy Sandbox?

Evelyn Mitchell-Wolf (16:15):

Yeah, yeah. So to your point, Google will keep developing the sandbox. It's got some hurdles to overcome. For example, in early tests, publisher ad revenues were significantly lower when the Privacy Sandbox was enabled versus cookie-based controls, which is not great for supporting a free and open internet. But Google has said that the rollout of the Privacy Sandbox was not actually contingent upon cookies being deprecated. Of course, they are related because in order to test their efficacy, there needs to be a cookie-less environment. So having the 1% of Chrome traffic be cookie-less was important for that, but they're separate initiatives.

(17:00):

However, just because the privacy sandbox will still be there doesn't mean it's not going to face some additional hurdles. Adoption is probably going to take a hit because not only is the industry left without a timeline to fuel that sense of urgency that we talked about, now the market has better justification to wait for Google to refine the Privacy Sandbox based on the feedback that's been surfaced thus far before testing and adopting it. So the Privacy Sandbox will probably take a back seat, at least temporarily, but it's not going anywhere, like you mentioned, and ad stakeholders should keep any ear to the ground. Because I completely

understand if brands take a step back from the Privacy Sandbox or push back plans to test it, but I don't think it's time to write it off completely. I think there's still more to this story.

Marcus Johnson (17:48):

You said that it will likely take a back seat. If you owned a minivan, this thing's in the third row.

Evelyn Mitchell-Wolf (17:54):

Okay.

Marcus Johnson (17:56):

I mean, I feel like it already was, and maybe it was second row and now it's going to the back of the car because I found some research on adoption of Privacy Sandbox. 12% of folks said they were using Privacy Sandbox. 40% were planning to according to Basis Technologies. So I doubt those numbers will move too much.

Evelyn Mitchell-Wolf (18:16):

Yeah, that survey was also in November of last year. So.

Marcus Johnson (18:20):

[inaudible 00:18:20] end of last... Yeah, yeah. Mm-hmm.

Evelyn Mitchell-Wolf (18:20):

Yeah, so over the course of the, I guess, six months-ish that we had before this announcement hit, there was probably some progress there.

Marcus Johnson (18:30):

That's a good point. I'm hoping they do the same survey again in November of this year to really see how much this has moved after this announcement. So Evelyn, let's end with this. What's the next move for marketers now that they know that third-party cookies on Chrome aren't going away anytime soon?

Evelyn Mitchell-Wolf (18:47):

The next move for marketers is to keep pursuing cookie-less alternatives. I know that's not exciting. It's always been a tough sell to proactively part ways with the status quo and invest

in privacy-preserving tech and data sources, especially when the finish line keeps getting moved, but here's what we know. Sometime in the future, cookies are not going to be as abundant as they are today. Audiences targetable with cookies are going to shrink. We know that Safari and Firefox are already cookie-less, so if you're not at least testing cookie-less strategies, you're missing out on a full third of US browsing activity. And we know that the ongoing wave of privacy legislation in the US will not slow down and it will not be rolled back. So yeah, there's a lot that we don't know, but it doesn't take a genius to read the signs, because they're all pointing to a privacy-centric era of digital advertising, and the best way to mitigate disruption is to set aside some resources, to get your bearings, and proactively develop a strategy.

Marcus Johnson (19:52):

Mm-hmm. Well, Evelyn's latest research on all of this comes out in the next week or so, so stay tuned for that. It's called Chrome's New Path to Privacy. If you're a PRO+ subscriber, you can go to [emarketer.com](https://emarketer.com) to check that out. That's all we have time for, for this episode. Thank you so much to Evelyn for hanging out with me today.

Evelyn Mitchell-Wolf (20:08):

Thank you, Marcus.

Marcus Johnson (20:10):

Thanks to Victoria. She edits the show. Stuart runs the team. Sophie does our social media. Thanks to everyone for listening in to the Behind the Numbers Daily, an eMarketer podcast. You can hang out with Sara Lebow tomorrow for the Behind the Numbers: Reimagined Retail show, where she'll be speaking with analysts Sarah Marzano and Zak Stambor all about the role influencers play in back-to-school marketing and what this year's back-to-school season is telling us about the upcoming holidays.